

THIS BOOK DESCRIBES the work of the Colombo Plan Co-operative Economic Development in South and South-Asia. It has been written by D. G. Bridson, of the British Broadcasting Corporation, who has recently returned from a tour of the area and has therefore been able to give a first-hand impression of the notable progress that has been made.

At the end of the book there is a shortened version of the second annual report of the Consultative Committee which met in New Delhi in October, 1953.

PROGRESS IN ASIA

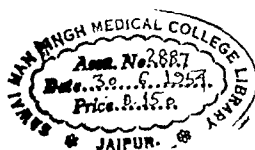
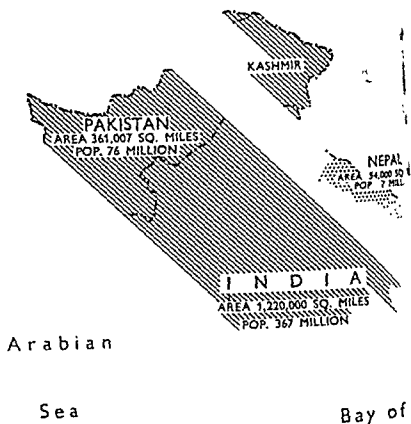
THE COLOMBO PLAN IN ACTION

LONDON
HER MAJESTY'S STATIONERY OFFICE

70°

80°

THE COUNTRIES OF



623 MILLION — a quarter of the world's population is at present increasing annually at the rate of 2.2% (13½ millions)

SOUTH-EAST ASIA

South-East Asian countries
members of the Colombo Plan
Executive Committee are tinted grey.

Members are shown thus

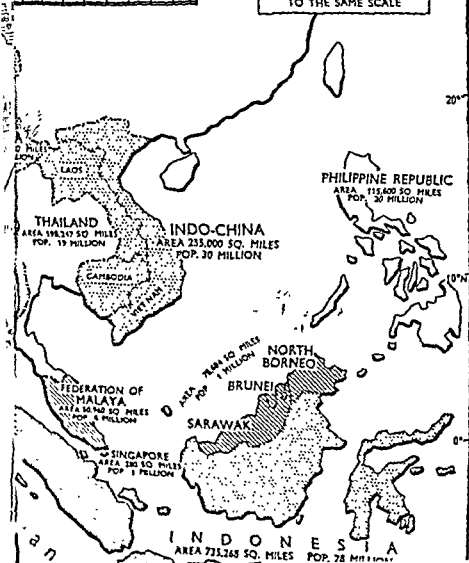
*the Philippine Republic
does not send observers
to meetings.*



GREAT BRITAIN DRAWN
TO THE SAME SCALE



0 200 400 600 800 1000



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For convenience all amounts of money expressed in pounds sterling. Exchange rates given in the table on the inside back

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Why the Colombo Plan is necessary

hunger and disease—anywhere in the modern world—are more danger to their own particular area; they are a potential danger to peace and prosperity and health of the whole world. They are all so if the area where they are found happens to contain a quarter of the world's population.

South and South-East Asia is such an area. It has a population of some 1.5 billion people—four times the population of the United States of America, three times the population of the Soviet Union, twelve times the population of the United Kingdom. It is an area suffering from widespread poverty, disease and malnutrition. If you live comfortably in London or New York, it may seem remote, but twenty-four hours in a plane will take you there from either city.

SIZE OF THE AREA

Most of us know the world as a series of maps, but an atlas can be a very poor guide. As we turn its pages, we tend to forget its wide variations in scale. We sometimes overlook the fact that Britain would fit comfortably in a corner of India, just as the whole of Europe would fit into a corner of Asia. We do not always remember that Asia stretches almost halfway round the globe; and when we think of Indonesia as one more string of islands, we may not always realise that the string would reach from London to the heart of Siberia.

This is only another way of saying that the countries of South and South-East Asia are mostly large countries, and that they extend over a very wide area. Each has a strong individuality of its own and may contain many different peoples. Many are countries with a cultural history far more ancient than our own and with religions older than Christianity. Both

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RESOURCES OF THE AREA

The wealth of any country—and therefore its standard of living—depends on its natural resources and what it can do with them. To say that the countries of South and South-East Asia have unexploited riches in raw materials and potential sources of power is to say very little. The people of those countries will derive no benefit from them until they have been put to some productive use.

Some of the resources, obviously, have been exploited for a considerable time. It was the potential wealth of the area that attracted every trading voyager from Vasco da Gama to the Comet. A great deal of effort has gone into development of the area, and a great deal of wealth continues to derive from it. Even so, it remains as a whole deplorably *under-developed*. Industrially, except in India, it has scarcely been developed at all, apart from a few isolated centres—which is one reason why its standard of living is low. Other factors are the pressure of the population, the high rate of literacy and the grave lack of technical skills. Most important and fundamental of all, however, is the primitive state of local agriculture.

THE AREA IN WORLD ECONOMY

The economy of South and South-East Asia is *predominantly* agricultural. Outside the larger towns, the people live almost solely by the land. Yet methods of cultivation throughout the area are little in advance of what they must have been two thousand years ago. The bullock pulls the wooden plough, the paddy field is planted and hoed and harvested by hand, the rice is husked by primitive means, and only the regular course of the monsoon can answer for the modest result. It is hardly surprising that over a large part of the area desert and jungle continue to reign supreme.

Not, of course, that all the land under cultivation is given over to the production of food. The area's contribution to world economy is very considerable; in return for imports of machinery and manufactured goods it already supplies the bulk of the world's jute and rubber and tea. Also, it supplies a third of the world's oils and fats and two-thirds of the world's tin. But, valuable as they are, the worth of such commodities will always be dependent on world markets, the rise and fall of which are very largely beyond the area's control. (The start and cessation of hostilities in Korea, for example, have caused wide variation in the price of rubber and tin.) And nothing like a stable economy can be based primarily upon factors so unpredictable. While exportable raw materials, therefore, must continue for a long time to be the mainstay of much of the area's economy, a far wider productive pattern is called for before living standards can be raised in general, and a far greater emphasis on the production of food before national economies can be soundly established.

So far as industrialisation goes, it is understandable that most of these countries should wish to follow the example of Europe and America. It is wasteful for any country to have to import products which it can learn to

culture and religion have left their mark upon the architecture, costume and customs of those countries. Desert country, jungle country, towering mountains and fertile plains—no area in the world could be more varied in its scenery. But despite such wide variety, the countries of South and South-East Asia are bound together by many common factors. By European standards, they are comparatively undeveloped countries, living by agriculture rather than by industry. Because of their low standards of living, they are all burdened with high rates of illiteracy. To some extent they enjoy a similar climate. They have unusually high birth-rates and support relatively large populations whose rapid increase is a very real danger to their standard of living.

SIZE OF THE PROBLEM

Despite the age of their cultures, many of these countries are thought of today as *new* countries. In this sense the most recent are Viet Nam, Cambodia and Laos, who were recognised by the United Kingdom in 1950, and the 'oldest' are Thailand and Nepal, who have been sovereign states for a very long time. India, Pakistan, Ceylon, Burma, Indonesia and the Philippines have all gained independence since the end of World War II. The Federation of Malaya, Singapore, North Borneo, Sarawak and Brunei are still administered by Britain. All the countries and territories in the area are faced with the same problem: how to improve their standard of living and how to keep their growing populations fed. For facing most of them is a very real threat of famine, unless the output of food throughout the area can be considerably increased within the next few years.

Terms like 'the standard of living', 'nutritional level' or 'birth-rate' are apt to convey very little to us unless they are illustrated by actual examples. Here are a few.

In Britain, the average national income per head of the population is something over £200 per year. According to the latest figures, in the United States it is around £600. But for South and South-East Asia, the figure is roughly £20 per year. And that deplorably low figure must serve for 600 million people—a quarter of the people in the world! Again, as to food. In the rationed urban districts of India, the average daily diet consists of 12 ounces of cereal—mostly rice. Finally, as to clothing. Despite extremes of climate, the average Indian and Pakistani can afford no more than nine to ten yards of cotton cloth with which to clothe himself throughout the year. Similar instances could be cited from almost any part of the area.

By 1970 there will be about 150 million *more* people in South and South-East Asia to feed and clothe—a quarter as many people again as there are today. In other words: in the next twenty years the population of the area will have *increased* by as many people as now are living in Canada and the United States of America! It is going to take a very great effort indeed to feed and clothe and house those people, no matter how wide the area over which they happen to be scattered.

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manufacture more cheaply for itself. But before any widespread programme of industrial development can be put in hand, a great deal of planning and effort and redeployment and capital outlay is necessary. Building a factory is not enough in itself; cheap sources of power have first to be ensured and adequate communications established. Skills and techniques have to be mastered and a new industrial manpower brought into being. Population has to be moved, houses have to be built and the general amenities of urban living provided for new communities—all without disruption of vital food production. We are sometimes apt to forget that the Industrial Revolution was a revolution indeed—and that it has taken the Western world some two hundred years to carry it even as far as its present stage.

AGRICULTURE COMES FIRST

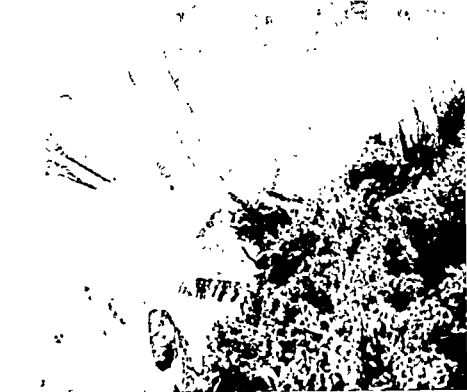
In any case, it should be emphasised again that industrialisation is only a small part of the needs of South and South-East Asia. However far it may be developed, industry will always remain a secondary factor compared with agriculture, and the vast majority of the crops grown will have to remain the food by which the area must live.

It is said that an acre of land can keep one man in food, but every extra mouth to feed demands an extra acre. And in South and South-East Asia, there will soon be *many* more mouths to feed—at the present rate of increase 150 million of them within the next twenty years! There is a grave danger, therefore, that before much longer the peoples of India, Pakistan, Ceylon and Indonesia may have outgrown their ability to feed themselves. They will certainly do so unless present output can be increased and unless vast new tracts of land can be put into effective cultivation. But until equally large new schemes of irrigation, clearance and reclamation have been undertaken, and modern farming methods introduced, there is little chance of this happening. This, of course, is no new problem. For example, by 1947 already 72 million acres of land were being irrigated in the whole of the Indian sub-continent. But if their people are not to go hungry the countries of South and South-East Asia must devote themselves to a far more comprehensive plan of large-scale agricultural development. And if their standards of living are to be raised, they must begin to develop themselves industrially as well.

THE PROBLEM TACKLED

Thus, then, is the challenge with which a quarter of the people in the world are faced today. Plan and develop, or live in poverty and know the certainty of eventual starvation. Nor can there be very much doubt as to the consequences—for the Western world no less than for Asia—if that challenge were to be disregarded.

Luckily the challenge has already been taken up. A new spirit is at work in South and South-East Asia; new techniques are being tried out,



from water. The Norton Bridge, part of Ceylon's Lankapana line, serves Colombo, fifty miles, and areas in between.

Photo—Press & Camera and Rider



Gal Oya. This great dam, providing both irrigation and power, is already helping to open up the underpopulated areas of Eastern Ceylon.

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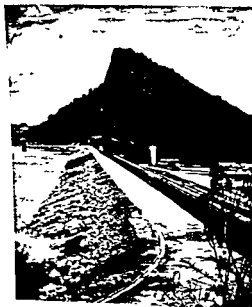
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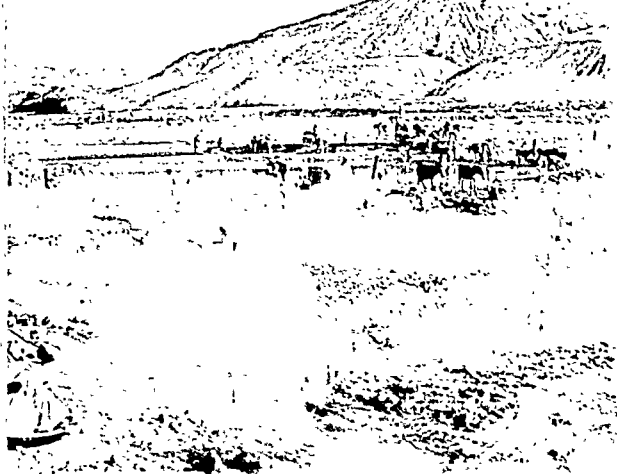


power from water The Norton Bridge
Dam, part of Ceylon's Laksapana
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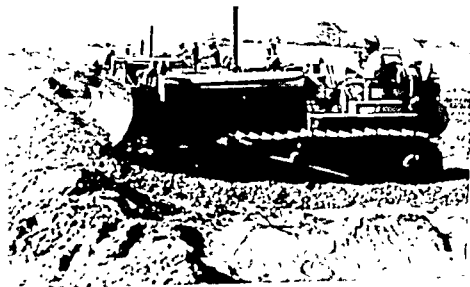
Photo Prece Cardew and Rider



Gal Oya. This great
dam, providing both
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Bringing the desert to life in Pakistan Excavating for the Kurram Garhi multi-purpose project



Wheat from the
Pakistanis, using up-to-
date mechanised equip-
ment, prepare part
the Thal's two million
acres of desert f
irrigation

new ways of life are being adopted. Already nearly every country in the area has embarked upon its own development programme. Outside aid in loans, gifts and technical assistance has been forthcoming, and the correlation of needs and means, of determined self-help and effective co-operation has become known to the world as The Colombo Plan.

2. What the Plan is doing

The Colombo Plan has now entered upon its third year, and all the countries in the area (with the exception of Thailand, Afghanistan and the Philippines) are now full members. The United Kingdom, Canada, Australia, New Zealand and the United States are also represented on the Consultative Committee of the Colombo Plan which meets about once a year to review progress and problems of development in the area, the last meeting having taken place at New Delhi in October, 1953.

The object of the Plan is to give encouragement and support to countries of South and South-East Asia in their efforts to raise the living standards of their people. Each country concerned has drawn up its own development programme and each is solely responsible for putting that programme into effect. By far the greater part of the cost of each programme, furthermore, is met by the country itself, so that while outside financial aid is considerable, as is shown later on, it represents only a fraction of what the Colombo Plan countries are doing for themselves. But the Plan is far more than a mere device for providing additional capital: under its scheme for Technical Co-operation, it is providing technical assistance which is often enough harder to come by than finance.

FOOD MEANS RICE

In all non-Asian parts of the Commonwealth, we think of farming country as so many vistas of rolling landscape and rustling wheat. But the climate of South and South-East Asia dictates a very different type of farming. Only in a few scattered areas like the Punjab is wheat cultivation at all usual. For the most part, the problem of food production under the Colombo Plan resolves itself into the problem of growing rice.

Rice—or paddy—is a crop that is best grown in soil that is literally waterlogged. A countryside given over to the paddy-field is terraced and flooded

until it resembles a jigsaw puzzle of shallow ponds. The soil of each paddy-field is ploughed under water, by oxen and men splashing about in water up to their knees. The paddy grows up through the water like shoots of an aquatic plant reaching up into the sunlight. Only where water is plentiful can paddy be grown at all.

The annual rainfall over most of South and South-East Asia is considerably higher than it is in Britain or any other wheat-producing country. But for more than half of the area it is not an even rainfall; it is the rainfall of the monsoon. For some three months of the year rain may fall continuously and torrentially; for the rest of the year the weather may be dry and hot and the land as parched as a desert. The problem of maintaining and increasing food production in such a climate calls for a method of *conserving* rainfall, in such a way that water can be made available for farming during long periods of the dry season. Water conservation calls for the building of dams—which will also assist in flood control during the monsoon itself. And the distribution of conserved water calls for a network of irrigation canals.

The importance of irrigation and flood control over most of South and South-East Asia cannot be over-stressed, for without it there can be little agriculture. One-fifth of the area under cultivation today in India is under continuous irrigation—totalling some fifty million acres. Furthermore, that irrigated area will have to be doubled during the next fifteen or twenty years if food production in the country is to keep pace with increasing needs.

It is not surprising, therefore, that the largest and most ambitious items in nearly every country's development programme under the Colombo Plan are major engineering projects. An irrigation network may run into thousands of miles of canal. A dam can serve other purposes besides the conservation of water: it is also a potential source of hydro-electric power. And with that power made available, new industrial areas can soon be opened up. That is why most of the large irrigation schemes under the Colombo Plan are known as multi-purpose schemes.

GAL OYA

A typical multi-purpose scheme is the one nearing completion on the Gal Oya in the Eastern Province of Ceylon. This area, in the so-called 'dry zone' of the island, has not been effectively cultivated for many hundreds of years. Since the breakdown of the immense irrigation schemes constructed by the early Kings of Ceylon, two-thirds of the island has been overgrown by jungle. Two-thirds of Ceylon's present population is accordingly crowded into the so-called 'wet zone'—the western coastal belt which enjoys two monsoon seasons to the year. As a first step towards the opening of the under-populated eastern areas, a scheme has been drawn up for conserving the head-waters of the Gal Oya River. A huge earthen dam has been thrown across the river. Behind its green immensity, which rises 156 feet above the river bed, a large artificial lake is forming in which

the last few drowning trees rise from a shrinking scatter of submerging islands. Below the dam, bulldozers dragging anchor-chains have already cleared thousands of acres of jungle. The bear and leopard have long since departed, scared off by the whine and clatter of the machines. Miles of irrigation channelling have been dug, and the land has been ploughed by tractors and is already being put into cultivation. Apart from the few villagers whose homes have been lost below the waters of the lake, this new land is being settled by colonists, moved into the area from the overcrowded western side of the island. New homes have been built for them, and they have been given their seed, farming implements and draught oxen for ploughing. The clearing and irrigation goes on, and within the decade a quarter of a million people should have been settled. Country which was recently so much virgin jungle is being transformed into rich new farmlands; food far beyond the needs of the Gal Oya area is being made available to Ceylon as a whole. Under the shadow of the dam, a power station has been built which will have an ultimate output of 10,000 kilowatts. Apart from the workshops erected at Amparai for servicing the equipment engaged on the jungle clearance, mills and factories are planned for the district and a whole new community is coming into being. Technical assistance for this development is being arranged under the Colombo Plan, and United Kingdom, Indian and Australian technicians are already working side by side with the Ceylonese. The dam itself was built by a firm of American contractors. Nevertheless, the planning and operation of the scheme remain the work of Ceylon herself. Some of the greatest irrigation schemes in the world were planned and built by the Ceylonese over a thousand years ago. Under the Colombo Plan, many of them are being restored and put back into service once again.

DAMODAR VALLEY

India, too, is engaged on many similar large-scale multi-purpose schemes. Perhaps the most spectacular is the one centred on the Damodar Valley in West Bengal and Bihar. This scheme will ultimately entail the building of eight large dams and ten hydro-electric stations, three auxiliary power stations, a power transmission grid, an irrigation barrage and a widespread system of canals. In this case flood control is a primary object, as the valley has suffered disastrously from seasonal flooding in the past. The scheme will also provide irrigation for some million acres of farmland, as well as supplying some 270,000 kilowatts of power for the nearby coalfields and industrial belt. Already, one of the dams and a thermal power station at Bokaro have been put into commission and two more dams are rapidly nearing completion. The dam already built—Tilaiya—was built largely by human hands; so is Konar, in jungle country. Millions of cubic feet of concrete were carried and laid by an army of workers who swarmed up and down the towering structures like so many industrious ants. Turbans and dhotis, gaily coloured saris and veils, jingling silver necklaces, anklets

until it resembles a jigsaw puzzle of shallow ponds. The soil of each paddy-field is ploughed under water, by oxen and men splashing about in water up to their knees. The paddy grows up through the water like shoots of an aquatic plant reaching up into the sunlight. Only where water is plentiful can paddy be grown at all.

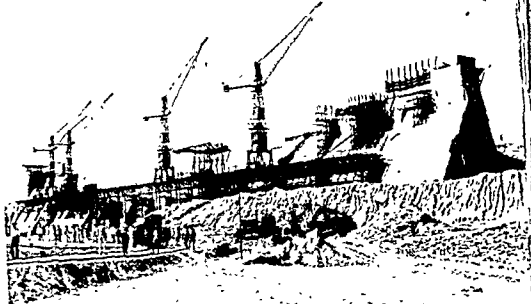
The annual rainfall over most of South and South-East Asia is considerably higher than it is in Britain or any other wheat-producing country. But for more than half of the area it is not an even rainfall; it is the rainfall of the monsoon. For some three months of the year rain may fall continuously and torrentially; for the rest of the year the weather may be dry and hot and the land as parched as a desert. The problem of maintaining and increasing food production in such a climate calls for a method of *conserving* rainfall, in such a way that water can be made available for farming during long periods of the dry season. Water conservation calls for the building of dams—which will also assist in flood control during the monsoon itself. And the distribution of conserved water calls for a network of irrigation canals.

The importance of irrigation and flood control over most of South and South-East Asia cannot be over-stressed, for without it there can be little agriculture. One-fifth of the area under cultivation today in India is under continuous irrigation—totalling some fifty million acres. Furthermore, that irrigated area will have to be doubled during the next fifteen or twenty years if food production in the country is to keep pace with increasing needs.

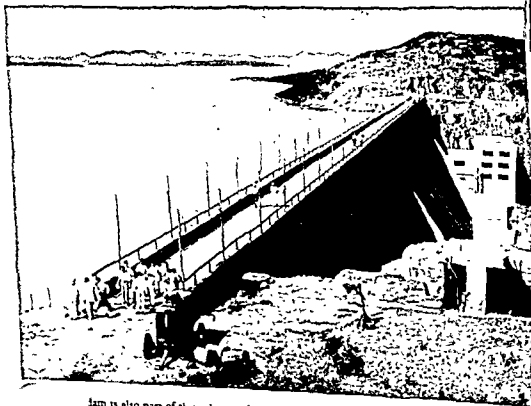
It is not surprising, therefore, that the largest and most ambitious items in nearly every country's development programme under the *Colombo Plan* are major engineering projects. An irrigation network may run into thousands of miles of canal. A dam can serve other purposes besides the conservation of water: it is also a potential source of hydro-electric power. And with that power made available, new industrial areas can soon be opened up. That is why most of the large irrigation schemes under the *Colombo Plan* are known as multi-purpose schemes.

GAL OYA

A typical multi-purpose scheme is the one nearing completion on the Gal Oya in the Eastern Province of Ceylon. This area, in the so-called 'dry zone' of the island, has not been effectively cultivated for many hundreds of years. Since the breakdown of the immense irrigation schemes constructed by the early Kings of Ceylon, two-thirds of the island has been overgrown by jungle. Two-thirds of Ceylon's present population is accordingly crowded into the so-called 'wet zone'—the western coastal belt which enjoys two monsoon seasons to the year. As a first step towards the opening of the under-populated eastern areas, a scheme has been drawn up for conserving the head-waters of the Gal Oya River. A huge earthen dam has been thrown across the river. Behind its green immensity, which rises 156 feet above the river bed, a large artificial lake is forming in which



Part of the great Damodar Valley scheme, the Konar dam, built largely by human hands and now nearing completion



dam is also part of this scheme which controls, flood control and hydro-electric power.

and nose-jewels—there can hardly have been a more colourful labour corps anywhere on earth. To watch it at work—men and women alike—is to realise that though they may have been larger, this was how the Pyramids themselves must have been built. But on this occasion equal effort was bent upon far more productive ends.

Similar effort in many other parts of India is building the most ambitious series of irrigation and hydro-electric schemes in the world today. The Hirakud, Kakrapar, Ghataprabha, Gangapur, Mayurakshi, Tungabhadra, Machkund and Lower Bhavani projects are already taking shape; the Kosi, Koyna, Chambal and Rihand projects are shortly to be started. All these schemes are aimed at increasing the food and power potential of the country, and all are being operated under the Indian Five-Year Plan. The United States has agreed to contribute over £3.57 million to River Development Schemes in India. Canadian aid under the Colombo Plan is also helping at Mayurakshi, and Australian aid is helping at Tungabhadra; otherwise the whole cost of the schemes is being met by India herself. Her shortage of modern engineering equipment is being compensated for by an almost limitless supply of Indian manpower.

Helping to plan the future development of India's hydro-electric resources has been the task of a United Kingdom Technical Assistance expert, Mr. Allan Monkhouse. As he enjoys an international reputation, his opinion may be worth quoting. 'I am most impressed with what I have seen of Indian engineering so far', he said in a recent broadcast, 'especially on the civil engineering side. Everywhere I find keenness and enthusiasm and a co-operative spirit. There is keen appreciation of the assistance which has been given under the Colombo Plan and other technical assistance plans.'

THE THAL

The Damodar and Gal Oya Valley development schemes are both concerned with increasing rice production in jungle or semi-jungle areas. But the Thal Development Project in West Pakistan is concerned with the *irrigation and opening-up of desert country for the cultivation of wheat*. It is one of the largest items in Pakistan's Six-Year Plan; it is also the largest project of its type anywhere in the world today. It involves the irrigation of over two million acres, the settling of half a million colonists and the building up for them of a full community life. New towns are already springing up in the desert, as well as a host of new villages; new industries are beginning to flourish and some seven hundred miles of new road have been planned to link the whole together. Already two hundred and fifty villages are established and green shoots of wheat are thrusting up from the sandy soil where previously there was only a wilderness of sarkander grass and boi and kikar—desert vegetation that promised little to farmers.

Bringing a desert to life, indeed, calls for more than the mere provision of irrigation. Canals have not merely to be dug; they have also to be protected against the effects of heavy silting. Windbreaks have to be planted against

the ever prevalent dust- and sand-storms. Sand itself has to be turned into soil, new types of vegetation introduced, new methods of farming discovered and encouraged. All this is part and parcel of the Thal Development Project. Experimental agricultural stations are studying ways and means of making the desert bear fruit. Experiments with the introduction and breeding of livestock are being conducted at the Commonwealth Livestock Farm, jointly set up by Australia, New Zealand and Canada, which represents one side of the aid which the Colombo Plan is contributing.

OTHER POWER SCHEMES

In addition to the Thal and other multi-purpose projects such as the Lower Sind Barrage, Pakistan also has her own hydro-electric development plans. Hydro-electric stations at Malakand, Rasul, Dargai, Mianwali and Warsak are all being enlarged or opened up to supply the increasing needs of local industry, and six new thermal plants are planned.

Ceylon is well on the way to completion of a similar hydro-electric scheme at Laksapana. United Kingdom technicians have assisted with the preparation of plans and specifications for this as well.

RURAL DEVELOPMENT

Multi-purpose schemes such as Gal Oya, Damodar or the Thal are impressive by reason of their magnitude and the comprehensive nature of their aims. But a great deal can also be done by schemes that appear at first sight to be infinitely more modest. The opening up of new land to food production is only a part of the area's needs; an even more vital part is the raising of yields in land already under cultivation. The farming methods of South and South-East Asia are often inefficient and wasteful. The yields per acre are deplorably low and could well be doubled by the introduction of better farming practice. In Japan, for instance, rice yields are three or four times as much as they are in India—for a far smaller quantity of seed. Experiments with the so-called Japanese method of rice cultivation are now being carried on in Bombay and Indian farmers are being urged to adopt it. At Maha Illupallama, in Ceylon, the New Zealand Government is underwriting an experimental station devoted to the study of dry-farming methods—farming in the so-called 'dry zone'. Experiments at this station have proved that it is possible to double the yield of rice by adopting proper methods of transplanting—which has always been standard practice in Japan. But it is one thing to prove a fact by experiment, and quite another to get the results of successful experiment generally adopted over a wide area.

A large part of the poverty and suffering in South and South-East Asia derives from the conservatism and superstition of the peasant, so his education and enlightenment must always be among the first objectives of any fundamental development programme. Rural Development, in fact, is one of the most important items in every development plan throughout the area. Rural development officers are already at work in India, Pakistan, Ceylon



Rice from jungle and swamp Part of a 27-mile stretch in Malaya before the swamp was drained and the jungle growth burnt.



The same area today. Reclaimed and irrigated, it yields a rich harvest to feed the 80,000 Malaysians who cultivate it and many others

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COMMUNITY PROJECTS

In India, Community Development is the method and Rural Extension the agency by which rural economy is being improved. A new concept is embodied in the organisation of Community Projects, which are seeking to combine rural and urban economy in such a way as to link the villages with the smaller towns and bind whole districts into a mutual interdependence. Each project area in the scheme embraces some 300 villages with a total area up to about 500 square miles, a cultivated area of anything up to 150,000 acres and a population of some 200,000 people. Financial aid for the scheme, as well as technical assistance, is coming from the United States Government and the Ford Foundation, and already some very encouraging results have been obtained. Decentralisation of light industry and the promotion of so-called cottage industries are going ahead side by side with it.

Obviously, in a monsoon country, farming can only employ a fraction of the villager's working year; there are many months in which the rural population tends to remain idle. Cottage industries provide the villager with a means of employing his leisure profitably. Often enough he can do in his own home work which he is unwilling to seek many miles away in a factory. Where the factory can farm out its work over the nearby countryside, it can frequently reduce its operating costs. And there are many light industries that can adapt themselves to such a scheme. Training centres are being set up in many districts and trades and handicrafts are being taught; often enough the factories are undertaking the training themselves. In this way the life of the smaller town and the surrounding villages are being closely linked. On the social side, Community Centres are at last bringing to the rural population some of the amenities of urban living. Most important of all, the rural population is being taught and encouraged to do a number of things for itself.

And it is remarkable how much a backward village *can* be encouraged to do for itself, given the means and the leadership. I myself have watched the transformation being brought about in scores of them by the example and determination of one or two men. Schools have been built, roads constructed, ditches dug and sanitation installed; training centres have been set up, giving instruction to all the district in the forging of iron ploughshares, the making of pottery and tiles, carpentry, weaving and all manner of other work. It is only by such means that the face of a country like India can ever be transformed; and it is in the transformation already going on that the inspiration and leadership of Gandhi can still be seen.

A similar programme of village aid is being developed in Pakistan. As a beginning, it is proposed to select some six hundred villages for development

and Malaya—and always the value and importance of their efforts is only too obvious. Not merely are they concerned with the study and spread of better farming methods ; their work is equally aimed at the general improvement of rural living conditions. The effect of their work upon the living standards and general economy of the area will be incalculable. The village, after all, is the mainstay of South and South-East Asian economy. There are some 800,000 villages in India alone. No scheme of economic or social development can begin to make its effect felt in the area until it has been reflected in village life.

In Malaya, the work devolves largely upon the officers of R.I.D.A.—the Rural and Industrial Development Authority—whose business it is to encourage village initiative by the provision of loans and equipment, the labour for any project undertaken being supplied by the villagers themselves.

There is a rich field for R.I.D.A.'s work in the 500 new villages that had been created by 1952, in which over 400,000 people, mostly Chinese, had been resettled. There, and in the Malay kampongs, R.I.D.A. also assists in the building of mills and factories for the handling, processing and marketing of local products by smallholders' co-operatives. But the bulk of its work is on the modest scale of well-sinking and bridge-building, and the making of roads and pathways which enable the scattered jungle villages to raise their products more cheaply and sell them more advantageously. Much of the pioneering has had to be done in territory until recently open to the Communist terrorists.

In Ceylon, Rural Development Societies are being established in every village. They are concerned equally with economic development through the adoption of better farming methods and with improvement in the general health and social amenities of the villagers. Rural Development Officers work in collaboration with the village headmen, furnishing tools and implements and offering help and advice in matters that range from the provision of crude sanitation to cattle-breeding and the use of the iron plough. In the newly settled areas of Gal Oya, village officers are doing a very great deal to foster a new community spirit among people whose lives have suddenly become strange and exciting. The way in which they have already won the confidence of even the most suspicious hill-folk bodes well for the entire scheme.

It has been mentioned that the first irrigation works in the island were built by the old Kings of Ceylon ; and the enormous earthworks they built, the hundreds of miles of canal they dug are still a monument to their genius, ruined though many of them are. The more spectacular of their works—enormous tanks like the so-called Sea of Parakrama—are rapidly being repaired and put back into service. But the smaller tanks, of which there are many thousands and on which a prosperous village economy was once entirely founded, are still mostly lost amid the jungle. Rediscovery and repair of these tanks is another work in which Rural Development can help. For the tanks were originally built by villagers and it remains in the villagers' power to put them back into commission—once the need for the

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into model communities. Field workers are being trained for the work and they in turn are passing on their training to others in community centres. Instruction includes not only improvement in farming methods, but also the whole process of successful community living. Idle manpower is being encouraged to devote itself to public works, materials and equipment being supplied by the central authority. Finally, the villagers are being advised on the organisation of their own co-operatives for the handling of their own agricultural products. Financial and technical aid for this scheme, too, has been supplied by the United States Government and by the Ford Foundation, which has financed a tour of twenty-eight Pakistani officials to study rural aid and development in India and Japan.

PAKISTAN'S PROBLEMS

The needs of Pakistan, of course, are particular—and largely derive from the inevitable anomalies of partition. To begin with there was the problem of rehabilitating some seven million refugees—a problem which India also has had to contend with. But partition at the same time deprived Pakistan of large numbers of doctors, lawyers, engineers and business men. She was also left desperately short of trained technicians, and virtually without effective means of training new ones. Many technical experts have been made available to the country under the Colombo Plan, and training for Pakistani students—as for students from all the Colombo Plan countries—is being provided overseas, mainly in Australia and the United Kingdom. But proper training facilities are urgently needed within the country itself. The Technical High Schools which Pakistan is establishing are already beginning to provide it. In view of their importance to Pakistan's future, the United Kingdom has agreed to supply the entire equipment for eight of them and to supplement the equipment already in use at the one at Karachi at a cost of £136,000. A further problem which faced Pakistan was that almost all the industrial areas for which Pakistan supplied the raw materials were in India. With 80 per cent. of the world's production of raw jute, for instance, partition found Pakistan without a single jute mill. With an annual production of 200,000 tons of cotton, it had few textile mills. There were no tanneries in the country, no woollen mills and no paper mills—to mention only a few of the most obvious deficiencies. One of Pakistan's first needs, therefore, was to embark upon a certain degree of industrialisation. Already, in the first six years of its existence as an independent country, a very great deal has been achieved. New cotton mills have sprung up outside Karachi and a whole new industrial district around them, operated as a trading estate. By 1957 it is estimated that domestic production will be able to take care of the country's entire requirements in coarse and medium cloth. And a great deal of the machinery installed has come from the United Kingdom. To ensure a flow of skilled labour for these projects a textile training centre is being established at Lyallpur, with equipment costing £140,000 supplied by the United Kingdom.

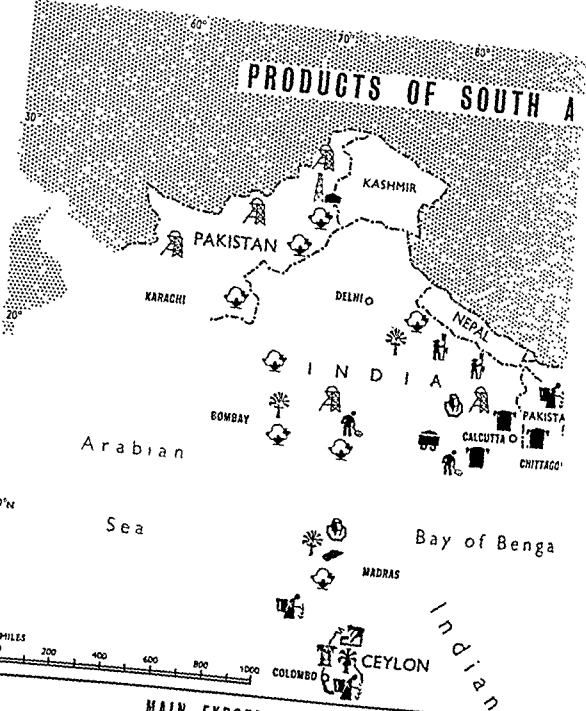
under the Technical Co-operation Scheme. Enormous jute mills are being built and are already partly in operation at Narayanganj, near Dacca. Their 3,000 looms, supplied by United Kingdom firms, will represent one half of the total provided for by the Six-Year Plan. New woollen mills, sugar mills, two cement factories supplied by Canada and Australia under the Colombo Plan and a fertiliser factory financed by the U.S. Technical Co-operation Administration are also on their way. In East Pakistan a large new paper mill is nearing completion at Chandragona. Contractors from half-a-dozen countries have been engaged upon the work, which represents another major item in the Six-Year Plan. Designed to turn out 100 tons of paper a day, it is expected that this one very large mill, 75 per cent of whose machinery has come from the United Kingdom, will supply the needs of East Pakistan for writing and printing paper.

Chandragona is interesting for the problems which its construction has presented. The building and operation of a large paper mill in the heart of jungle country (the site was dictated by the location of the bamboo forests which supply its raw material) calls for more than steel and concrete. A mill requires its local labour, and in jungle countries that labour must be attracted to the site. A whole new town and essential amenities must be provided for it. Successful operation of the mill, in fact, calls for a whole new exercise in community planning. Without such planning the labour would soon drift back from the jungle to the cities.

COMMUNICATIONS

Chandragona provides a typical example of the problems which lie behind any development in South and South-East Asia, for the problems derive all too frequently from the very nature of the terrain. And common to nearly every development project in the area is the problem of inadequate communications. In a country like East Pakistan, which is itself a maze of navigable waterways, other means of transport than rail or road may exist. This is a very fortunate thing, for there is no stone in the whole of that wing of Pakistan suitable for modern road-metalling! But even water transport presents its own particular problems, and there is no easy way of solving them. Furthermore, East Pakistan at one time possessed only the one small port—Chittagong—which is quite inadequate for handling the country's export traffic. Chittagong's port facilities are being greatly extended and a British firm is engaged in building a number of new jetties. At the same time a new port in the neighbourhood of Chalna is under construction. Already the anchorage established there has given considerable relief to Chittagong in the handling of jute exports, much of the jute being grown in the Chalna area. But linking that anchorage with other parts of the country is itself a major problem in communications.

Port development schemes have also had to be put in hand in Ceylon, which hopes to meet her needs by increasing the capacity of Colombo and



MAIN EXPORTS OF THE AREA

- Almost all the world's JUTE (mainly from Pakistan)
- Almost all the world's RUBBER (mainly from Ceylon, Malaya, Indonesia)
- More than $\frac{3}{4}$ of the world's TEA (mainly from Ceylon, India, Pakistan, Indonesia)
- $\frac{2}{3}$ of the world's TIN (mainly from Malaya)
- $\frac{1}{2}$ of the world's OILS & FATS (mainly from India, Malaya, Indonesia)

SOUTH-EAST ASIA

KEY

 RICE	 RUBBER	 COAL	 JUTE
 OILSEEDS	 TIN	 MICA	 OIL
 SUGAR	 PEPPER	 COCONUTS	 MAIZE
 COTTON	 TEA	 TOBACCO	 TIMBER
 TUNGSTEN	 MANGANESE	 IRON ORE	



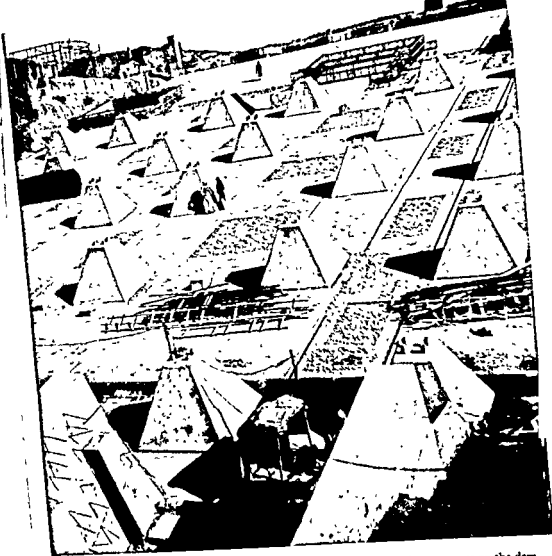
installing port facilities elsewhere. India, on the other hand, has had to commit herself to a far larger programme, which includes the building of a new major port at Kandla and five subsidiary ports in Cutch.

INDUSTRY AND INDIA

India, of course, is by far the most industrialised country in South or South-East Asia. In the Damodar Valley area she has an industrial belt which has often been likened to the Ruhr. The countryside is scarred with enormous open-cast coal mines; the sky is grey with the smoke of tall chimneys and brilliant by night with the glare of blast furnaces. Considerable demands are already being made on the Indian iron and steel industry which is being stepped up to keep pace with the requirements of the Five-Year Plan. At present the industry can meet no more than half those demands, and development in almost every other field is an additional tax upon it. The Five-Year Plan aims at increasing finished steel production by 350,000 tons per year and pig iron production by 380,000 tons, and a fifteen-year loan to the industry of £11.25 million has been made by the International Bank. The building of additional plant is also envisaged.

Also located in the Damodar Valley is the great new Sindri Fertiliser Factory—the largest plant of its kind in Asia. The factory was partly built and equipped by forty British firms, eighty-four contractors being concerned with installation of the complicated plant. Its storage silo, with a capacity of about 100,000 tons, is the largest agricultural silo in the world. The plant itself occupies an area of a square mile, another nine square miles being devoted to housing the workers and technicians. Annual production capacity, which should soon be attained, is some 360,000 tons of fertiliser—a thousand tons a day—estimated to represent nearly a million tons of extra food per year, to say nothing of an annual saving in foreign exchange of some £10 million. As a major industrial project alone, Sindri would be remarkable. But potentially it is far more than that. Like nearby Chittaranjan, where India is now building her own locomotives, Sindri is also a new township—and one which is by way of becoming a model for urban development throughout the country. All that a modern town can offer is now enjoyed by the people of both industrial centres—well planned streets and parks, electric light, a filtered water supply, modern sanitation, schools, hospitals and recreation centres. When one compares such modern planning with the slums of Calcutta and Bombay, the real nature of India's revolution—and the promise which it holds out for her people—become impressively clear.

The size and scope of that revolution are reflected in the many other industrial ventures to which the Indian Five-Year Plan is giving birth. The projected oil refineries at Bombay, the machine tools and telephone factories at Bangalore, the National Instruments factory at Jadavpur, rolling



Hydro-electric power for Pakistan. Building work in progress on the dam at Rasul, designed to supply the growing needs of industry and agriculture.



Shoe factory A typical feature of the flourishing new industrial town of Faridabad, near Delhi. The town was built by the inhabitants, former refugees.

stock and cable factories, cement and paper mills, DDT and penicillin factories—these are but a few of the more spectacular items in the Plan. State Government projects are responsible for many more.

HEALTH

India's DDT and penicillin factories have been largely subsidised and equipped by the World Health Organisation and the United Nations International Children's Emergency Fund. It should be remembered that a raising of general health standards throughout South and South-East Asia is one of the objectives of the Colombo Plan.

In Ceylon, particularly, the Colombo Plan has made some striking contributions to the fight against disease. The incidence of tuberculosis in the island is dangerously high, and under the Technical Co-operation Scheme an expert from the United Kingdom was invited to report on the best measures that could be adopted for combating the disease. At the request of the Ceylon Government the United Kingdom has sent two Thoracic Surgery teams, and specialist training has also been arranged in the United Kingdom for Ceylonese doctors and nurses. In addition, the Australian Government is paying for the establishment of fully equipped T.B. clinics in each of Ceylon's nine provincial capitals.

Another notable contribution to medical science in the Colombo Plan area is the financial aid given by the New Zealand Government towards the cost of equipping the All-India Medical Institute at New Delhi.

3. Aims and Aid

In the foregoing pages, particular emphasis has been placed upon development in India, Pakistan, Ceylon and Malaya. But it was never intended that the Colombo Plan should confine itself exclusively to countries of the Commonwealth. It should be realised that a great deal of development is going on elsewhere in South-East Asia; in Burma, Thailand, Indonesia, Viet Nam, Cambodia, Laos, Nepal, and the Philippines. In every case the emphasis is upon increased food production, for it cannot be stated too often that this is the first requirement of the area as a whole.

In an area like South and South-East Asia, with some hundred years of leeway to make up, successful development of almost any kind is beset with

difficulties. National economies can all too easily be overstrained, and their balance can all too easily be upset. Only by a carefully co-ordinated effort, so spread out as to make the best of available resources in the meeting of primary needs, can the future of such an area be assured.

The area as a whole presents innumerable problems to the planner, with the vast size of many of the countries and the heavy overtaxing of communications. There is a desperate lack of mechanisation and an even more desperate lack of trained technical personnel. There is also an habitual inertia on the part of many of the people—the product of centuries of poverty, ignorance and illiteracy—and there are prejudices and superstitions to be overcome that are older than history. There is, finally, a serious lack of capital. Against so many difficulties only the most careful planning, the most determined effort and the most considered use of available resources can hope to contend successfully.

ALL ARE HELPING

On the other hand, the success of the Colombo Plan to date has proved how much can be done when careful planning and determined effort are forthcoming. South and South-East Asia, after all, is rich in raw materials. It has an almost inexhaustible supply of manpower on which it can rely. Its power potential—especially in India and Pakistan—is almost infinite, and the land itself is fertile and largely productive. Shortage of technical skills has been met from a number of outside sources. And without in any way belittling the tremendous efforts which the area is putting into the working out of its own salvation, it cannot be denied that such technical assistance has proved most valuable. The receiver countries themselves have been the first to acknowledge as much. Let us therefore consider a few of the forms that outside aid has taken, not merely in technical assistance but also in financial aid.

Apart from the provision of technical assistance, the financial contribution of the United Kingdom has been mainly confined to the release of sterling balances to India, Pakistan and Ceylon. Release of sterling balances will amount to £255 million in all—and they will represent a heavy drain on British postwar economy. Most of the money, of course, has had to be translated into capital goods and equipment—which have themselves been scarce. And it is estimated that about half the capital equipment imported by the Colombo Plan countries will have come from Britain by the end of the six-year period. In view of our own grave shortage of equipment and materials, this in itself is remarkable. And despite our own capital needs and our limited overseas trading surpluses, our annual commitment to the Colombo Plan is now at the rate of nearly £50 million.

Our contribution for rehabilitation and development in the United Kingdom territories in grants and loans direct, or through the Colonial Development Corporation and the Colonial Development and Welfare Vote to date, amounts to over £30 million. Recently the intention has been

reaffirmed of giving the Federation of Malaya, in fulfilment of earlier undertakings, the financial help necessary to ensure that plans for development and defence should not be retarded in 1954.

We have also managed to make sterling available through the International Bank for Reconstruction and Development for loans to countries in the area. Finally, we have recently advanced a further £10 million to Pakistan for immediate aid in food production.

Canada has voted £9 million for each of the financial years 1951-2 and 1952-3 for Colombo Plan aid. This has helped to relieve food shortages in both India and Pakistan, helped to finance the Mayurakshi irrigation project in India, provided transport for the State of Bombay, built a cement factory and helped to equip the Commonwealth Livestock Farm in the Thal (the latter along with Australia and New Zealand), assisted in the Warsak hydro-electric scheme, financed an aerial survey of resources in Baluchistan and contributed to Rural Development and the equipment of a new fishing industry in Ceylon.

Australian aid has been promised to a total of over £25 million over the six-year period of the Plan. This has already helped to relieve food shortages, assisted development at Tungabhadra and elsewhere in India, provided tractors, meters and pumping equipment for the Thal, supplied diesel locomotives, telecommunications and radio equipment for Pakistan, provided a fleet of tractors and will provide a chain of T.B. clinics for Ceylon, and has helped various development schemes in Indonesia, Cambodia, Viet Nam and Laos.

New Zealand's contributions have helped defray the cost of equipping the All-India Medical Institute, and have assisted in founding the Thal Livestock Farm and equipping a cement factory in Pakistan for the lining of irrigation canals. In Ceylon it has established the Dry Farming Research Station at Maha Illupallama.

In addition to all this we should not forget the very generous grants made by the Government of the United States under its Point Four programme and other schemes, the large loans made to countries in the area by the International Bank of Reconstruction and Development, grants made by the Ford Foundation, and the help given by the various United Nations agencies like the World Health Organisation and the Food and Agriculture Organisation.

TECHNICAL ASSISTANCE

If all the above list reads rather like a catalogue, it may at least have served to stress the wide variety of assistance which has been contributed to the success of the Colombo Plan and the development of South and South-East Asia as a whole. The Technical Co-operation Scheme itself is playing an invaluable part in making available to the area the best technical skill and instruction and training equipment that the Commonwealth has to offer. Apart from the steady stream of experts that it supplies for various

projects where help is required, there are also the training facilities which it is extending to students from all the countries in the area.

The flow of equipment for training establishments and research institutes in the area is steadily increasing. The United Kingdom, for example, has agreed to supply about £700,000 worth of equipment, and is at present examining further requests estimated to cost some £300,000.

Although the United Kingdom territories (to which assistance from the United Kingdom is given direct) do not draw on the United Kingdom contribution to the Scheme, they do draw on the contributions of the other participating countries. According to the latest progress report the United Kingdom territories received from this source, in the three years ending 31st July, 1953, twenty-seven experts and a hundred and eight places for trainees, together with equipment valued at £28,000.

In their turn the United Kingdom territories themselves provided, or have offered to provide, training facilities for candidates from Ceylon and India in fields as varied as areca nut growing and rural broadcasting.

THE FUTURE

We began by saying that poverty, hunger and disease anywhere in the world today are a potential threat to the peace, prosperity and health of the world at large. That in itself is sufficient reason for our interest in the wellbeing of an area seemingly remote. South and South-East Asia, of course, is *not* remote; no area in the modern world can ever be so again. But it is not too much to assert that our interest in the future of South and South-East Asia is primarily *disinterested*. It is a natural consequence of our wish to see that area independent, stable in its economy and happy in its democratic way of life. South and South-East Asia, if we assist them with the means in our power, can contribute materially to the common good and the world's cultural heritage. We believe in their right to do so.

4. The New Delhi Conference, 1953

"At the present time the programmes of the Colombo Plan countries may be considered as having generally passed out of the stage of preparation and into that of execution. In some of the original country programmes, of course, a number of projects were already under way when the Plan was launched. But it is broadly true that the programmes are only now



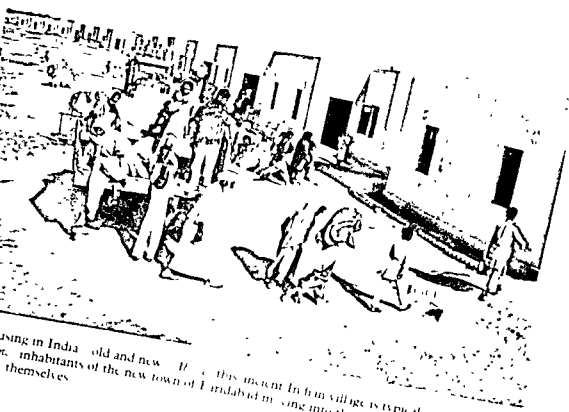
Fish breeding in Java. This industry provides occupation for 200,000 Javanese and its improvement is the subject of intensive research

Photo UNO



Fighting tuberculosis. This ambulance takes part in Burma's drive against the disease, which includes a nation-wide immunisation campaign.

Photo UNO



Living in India—old and new. Here, this ancient Indian village is typical of the inhabitants of the new town of Faridabad moving into it themselves.

reaching the stage where tangible returns on any considerable scale can reasonably be looked for."

This quotation, from the second annual report of the Consultative Committee on Economic Development in South and South-East Asia, sums up the results achieved in the second year of the Plan. This report was prepared at the fifth meeting of the Consultative Committee which was held in New Delhi from 13th to 17th October. It was attended by delegations from Australia, Burma, Cambodia, Canada, Ceylon, India, Indonesia, Laos, Nepal, New Zealand, Pakistan, the United Kingdom, including representatives from the Federation of Malaya and Singapore, the United States, Viet Nam, all of whose governments are full members of the Committee which was set up, following the meeting of Commonwealth Foreign Ministers at Colombo in January, 1950, to provide a framework within which an international co-operative effort could be promoted to assist countries of South and South-East Asia in raising their living standards. The New Delhi meeting was also attended by observers from Thailand, the International Bank for Reconstruction and Development, the United Nations Economic Commission for Asia and the Far East, and by the Director of the Colombo Plan Bureau for Technical Co-operation.

THE ECONOMIC BACKGROUND

In the year ended 30th June, 1953, the second year of the Colombo Plan, the public authorities of India, Pakistan, Ceylon, Burma, Indonesia, the Federation of Malaya, Singapore and British Borneo, spent £429 million on development compared with £345 million in the preceding year. In the third year, 1953-4, their estimated expenditure is put at £528 million.

The breakdown by countries is given in the chart on page 31.

Increased development expenditures were made and are planned against a background of economic conditions more unfavourable than in 1951-2. During the first half of 1951, most member countries in the Colombo Plan area, being exporters of primary produce, enjoyed very favourable terms of trade following the rise in price of this produce after the outbreak of hostilities in Korea. Export earnings, national incomes and public revenues rose and the countries were, in the main, able to finance their development programmes almost entirely out of their own resources and at the same time to increase their external and internal reserves. But their terms of trade were already worsening when the first report of the Consultative Committee was written in March, 1952, and the unfavourable trend continued in 1952-3. Prices of most of the area's export commodities fell considerably from boom levels, and the resulting fall in export earnings and national incomes (except in the case of Burma) adversely affected public revenues. While national incomes had fallen, internal costs tended to remain at the high levels to which they rose in 1951. Budget deficits replaced, or threatened to replace, the overall budget surpluses of the boom period, and Governments maintained or increased their development

expenditure only by drawing heavily on reserves, by external aid and, in some cases, by internal loans. Some engaged in a measure of deficit financing by borrowing from the banking system in order to meet current expenditure.

In these difficult circumstances most of the countries of the area were left with reduced resources while the costs of their development programmes had risen well above the 1950 estimates. Nevertheless nearly all the countries, as the figures quoted in an earlier paragraph show, managed to spend rather more on their development programmes in 1952-3 than they spent in 1951-2. If, however, success is to attend their efforts to press on with their development plans, as they are determined to do, three conditions will, as the Report points out, have to be met. "First, they must concentrate on the essentials of their programmes and must make the fullest use of all their resources, human, material and financial. Secondly, they must follow sound internal policies designed to check inflation and secure the highest possible level of saving and investment. Thirdly, the present flow of external financial aid must be continued and, if possible, increased."

PROGRESS WITH DEVELOPMENT PROJECTS

Development programmes are in no sense rigid blueprints incapable of adjustment to changing circumstances. In some countries the task of formulating a co-ordinated programme which is more than a list of projects has still to be completed, but this is not holding up work on the projects. Broadly speaking, 30 per cent of expenditure in 1952-3 was on agriculture and multi-purpose projects, 25 per cent on communications and transport, 20 per cent on social services, 10 per cent on industry, fuel and power, and the balance on research and miscellaneous items. This is expenditure by public authorities, which is the main content of the programmes (see chart on p. 32). In most countries there has also been an appreciable increase in private investment, and several governments have taken special measures to encourage the investment of foreign as well as domestic capital.

BURMA

The Government of Burma is considering a development programme which aims at increasing Burma's gross national product from £322.35 million in 1952-3 to £525 million in 1959-60. It would involve an investment of £562.6 million of which about £225 million would be spent on irrigation, transport, communications, electric power, mining and industry, and the rest on agriculture, housing, health and welfare.

In the meantime, substantial progress is being made in rehabilitating the war-damaged economy and in carrying out new development projects. Rail, inland waterway and port facilities are being rehabilitated.

Farmers are being helped with subsidies and loans to increase the acreage under paddy, cotton, groundnuts, jute and coconuts. In 1952, the area

under paddy was increased by 633,000 acres. The Government has established a cotton seed farm and a dairy farm and has bought 300,000 coconut tree seedlings. Plans for industrial expansion are in hand and projects under way include a new oil refinery at Chank and a small sulphuric acid plant which is nearing completion. Under the Pyidawtha (Welfare State) scheme the Government makes grants to townships for the provision of various community facilities such as roads, schools and wells.

CEYLON

Following the visit of an International Bank Mission, the Ceylon Government has established a Cabinet Planning Committee and a Planning Secretariat, and has decided to formulate a £112.5 million development scheme.

Good progress has been made with schemes already in hand. Between 1947 and 1953 about 71,000 acres of new irrigable land were reclaimed, and the current annual rate of reclamation is about 20,000 acres, mainly under the Gal Oya scheme and exclusive of high land cleared for cultivation. The first stage of the hydro-electric scheme at Norton Bridge, providing 25,000 kilowatts of power capacity, has been completed. Roads and railways have been improved and a new quay completed as part of the

COLOMBO PLAN TECHNICAL CO-OPERATION SCHEME					
(up to 30th June, 1953)					
Countries Providing	EXPERTS	TRAINING PLACES	Countries Receiving	EXPERTS	TRAINING PLACES
Australia	44	402	Brunei	—	2
Canada	31	118	Burma	—	7
Ceylon	—	3	Ceylon	69	268
India	5	98	India	39	352
New Zealand	19	140	Indonesia	—	76
Pakistan	—	3	Federation of Malaya	17	65
United Kingdom	78	381	Nepal	—	10
			North Borneo	4	11
			Pakistan	45	231
			Philippines	—	28
			Sarawak	2	12
			Singapore	1	16
			Thailand	—	17
TOTAL =	177	1,145	TOTAL =	177	1,145

expenditure only by drawing heavily on reserves, by external aid and, in some cases, by internal loans. Some engaged in a measure of deficit financing by borrowing from the banking system in order to meet current expenditure.

In these difficult circumstances most of the countries of the area were left with reduced resources while the costs of their development programmes had risen well above the 1950 estimates. Nevertheless nearly all the countries, as the figures quoted in an earlier paragraph show, managed to spend rather more on their development programmes in 1952-3 than they spent in 1951-2. If, however, success is to attend their efforts to press on with their development plans, as they are determined to do, three conditions will, as the Report points out, have to be met. "First, they must concentrate on the essentials of their programmes and must make the fullest use of all their resources, human, material and financial. Secondly, they must follow sound internal policies designed to check inflation and secure the highest possible level of saving and investment. Thirdly, the present flow of external financial aid must be continued and, if possible, increased."

PROGRESS WITH DEVELOPMENT PROJECTS

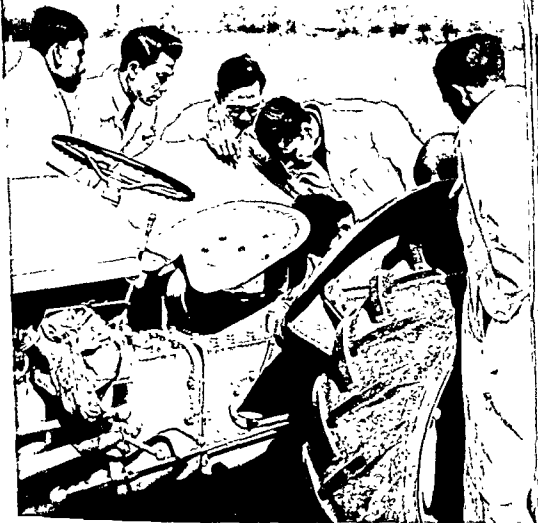
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Technical help Colombo
Plan agricultural students
at a research station in
Britain, learning how to
use a spraying machine
Photo Plant Protection



Nurses in training
British and Ceylonese
nurses together attend a class at a
branch of the London
Chest Hospital

scheme for improving Colombo Harbour. Industrial development has been slower, but the Government's plywood factory has been reorganised, work is well in hand on vegetable oil, paper, caustic soda and DDT, and ceramic factories, and the fishing industry is benefiting from personnel and equipment supplied by Canada. There has been a good response from villagers to the need for free labour and land to implement a rural development scheme.

INDIA

India has a Five-Year Plan which now envisages an outlay of £1,552 million in the period 1951-6, of which agriculture, irrigation and power will claim over one-third and transport and communications nearly one-third. On the basis of this plan outlay for the public sector for the six years is now estimated at £1,983 million.

In the period 1951-3 £483 million was spent on development in the public sector. Considerable progress was achieved in the various programmes for agricultural development. Work progressed satisfactorily on the Bhakra-Nangal, Damodar Valley, Hirakud, Tungabhadra and other major irrigation and power schemes which so far have benefited 1.4 million acres of land and increased power generating capacity by 315,000 kilowatts. Between 1951 and 1953 these and other minor irrigation works benefited 3.5 million acres of land. Another half-million acres were reclaimed by the Central Tractor Organisation. As a result of these and other advances, and with the help of good weather, food production in 1952-3 was 5 million tons greater than in 1951-2.

In the field of community development, a total of 30,000 villages were being covered by October, 1953, and the programme is being widened to provide a comprehensive national extension service to a large part of the country. It is envisaged that by 1955-6 nearly one-quarter of the rural population will be under the scope of this community development programme.

Of the Government's industrial projects, the Sindri fertiliser factory, the Chittaranjan locomotive factory, the Indian Telephone Industries factory and the Uttar Pradesh Government's Precision Instruments factory went into production, the Hindustan Shipyard completed three ships during 1952, and superphosphate, cement, newsprint and machine tool factories are expected to start production in 1953-4. Progress was made with rehabilitating and improving the railways. In the private sector of industry the two main steel producers are increasing their capacity and two oil refineries are being constructed near Bombay.

INDONESIA

Indonesia became a member of the Colombo Plan in 1953. Since independence it has been faced with the need to repair the devastation of war and with an internal security problem. It has no development

programme—a Planning Bureau has been set up to prepare one—but certain development activities are going forward. During the last few years nearly one million miles of irrigation canals have been reconstructed. A start has been made on the South Borneo drainage plan involving an area of 500,000 acres, and on motorising the fishing fleet. Progress is being made in moving population from over-populated to under-populated areas. Small scale and cottage industries are being encouraged. Communications are being improved. In the private sector, the oil companies have increased production so that petroleum products are now Indonesia's second most important export commodity.

NEPAL

Nepal hopes to submit a draft development plan to the next Consultative Committee meeting. But, says the Report, there is not much prospect of Nepal being able to finance its development out of its own resources for some years to come. Out of expenditure on development in 1951-3 of £16 million, £1.2 million were provided by India and the United States. Roads and air services have been developed. A livestock development farm has been established and plans are being made for a dairy farm. A village development scheme has been inaugurated. Minor irrigation projects to irrigate 16,000 acres are expected to be completed in 1954. A 1,500 kilowatt diesel plant is being set up to supply electricity to Kathmandu. A geological survey of Nepal is in hand and an aerial survey of western Nepal has been completed.

PAKISTAN

One feature of the year 1952-3 for Pakistan has been a serious food shortage resulting from drought and, to a lesser extent, locust infestation. The United States, Canada and Australia have come forward with wheat and the U.K. with a credit of £10 million to help Pakistan over her present difficulties. To avoid a recurrence of the situation, however, the Government has set up a Grow More Food Committee with extensive powers to assist agricultural schemes likely to produce quick results. Further steps have also been taken to increase yields. The Six-Year Development Plan and Two-Year Priority Programme are being reviewed by a new Planning Board and priority is to be given to projects which promise a quick increase in the production of food or other essential commodities.

Expenditure on development has been rising steadily from £31 million in 1951-2 to an estimated £61 million in 1953-4 and is already showing results. For example, compared with the position at the time of partition, total electric power capacity has been increased from 70,000 to 140,000 kilowatts, the number of cotton spindles installed or being installed has increased from 178,000 to 950,000 and of looms from 4,824 to 13,300. Three thousand jute looms have been brought into production and internal requirements for jute goods are being met, woollen manufacturing capacity



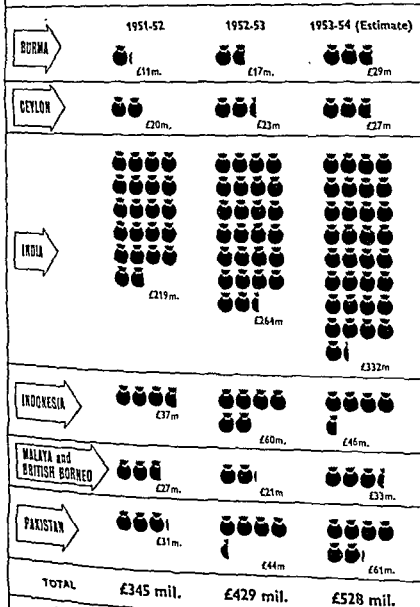
Land girls The Colombo Plan
them to travel from Ceylon to Br
for a course of farming instruction.



Bigger crops. Punjab
farmers study the results
of treating sugar cane with
chemical fertiliser. They
found it made the canes
grow higher.

What each country spends on development

Each symbol = £10,000,000 Sterling



CAMBODIA, LAOS and VIET-NAM not included. These countries are carrying out some development and social welfare projects, but they cannot embark on a full programme of development activity until their situation becomes more peaceful and settled.

NETAL plans to expend approximately £400 000 on development in 1953/54

has been created, sugar milling capacity has been increased from 51,000 to 92,000 tons, and a fertiliser plant is being built with an annual capacity of 50,000 tons of ammonium sulphate. Progress has also been made with various multi-purpose and irrigation schemes, such as the Thal.

MALAYA AND BRITISH BORNEO

Apart from revisions of estimates to take account of higher labour and material costs, there has been little important change in the development plans of Singapore, North Borneo and Sarawak. But the Federation of Malaya has included in its estimates of development expenditure the cost of resettling in new villages those parts of the community most exposed to Communist terrorism. The emergency has also caused some changes in priority, in favour of meeting the need for improved communications. With the prospect of being able to devote more resources to normal development activity, a revision of the Federation's plan is proposed after an International Bank Mission has made a survey of resources and needs which is due to begin in 1954.

The following are examples of results achieved by 1952-3. In the Federation of Malaya, over 400,000 people were resettled in over 500 villages; the irrigation of 50,000 acres of paddy land were completed at Tanjong Karang; the first stage (40,000 kilowatts) of the Connaught Bridge Power Station was completed and 200 miles of line were relaid on the East Coast Railway.

In Singapore, a new power station with a capacity of 50,000 kilowatts was brought into operation, and substantial progress was made with the new international airport and housing schemes.

In North Borneo irrigation, communications, electricity and housing schemes were under way, and in Sarawak progress was made with improving roads, air transport and telecommunications.

CAMBODIA, LAOS AND VIET NAM

Very limited financial resources and preoccupation with Communist insurrection have meant that the development activities of these countries have so far been small in relation to needs. Cambodia has no co-ordinated development programme, but it is carrying out a number of projects in agriculture, transport and social services which are calculated to give quick results, and work has started on a similar programme of flood-control, irrigation and drainage. Development expenditure by public authorities amounted to £2.5 million in 1951, £8 million in 1952, and the estimate for 1953 is £4.4 million. Laos contemplates giving priority to increasing agricultural production and to improving road and river transport. In Viet Nam, where military activity has been going on for eight years, the Government has been compelled to concentrate on meeting military needs, for example by asphaltting or widening strategic roads, repairing the railways and building houses for refugees. At the same time, however, rice, rubber

production has increased and a start has been made with bringing abandoned land back into cultivation, 67,500 acres having been recovered between 1951 and 1953.

EXTERNAL AID

A major part of the effort involved in carrying out development programmes has to be made by the countries of the area themselves. But aid has been provided by member countries of the Colombo Plan for the area, by the International Bank, by the United Nations under technical assistance programmes and by various private agencies such as the Ford Foundation. Moreover, several countries in the area have been helping each other. Assistance is of two kinds: financial and technical.

FINANCIAL ASSISTANCE

The United Kingdom is continuing to release sterling balances to India, Ceylon and Ceylon at the rate of about £42 million a year over the six years of the Colombo Plan. In addition, a credit of £10 million has been made available to Pakistan for the purchase in the United Kingdom of equipment for schemes contributing to agricultural production; some £1 million has been spent or committed for rehabilitation and development in the Federation of Malaya, Singapore, North Borneo and Sarawak; and £1 million is being made available out of the United Kingdom's capital contribution to the International Bank for development in the Commonwealth countries of the sterling area, of which £5 million has already been offered for two projects in India. A Commonwealth Development Finance Corporation with an authorised capital of £15 million has also been formed.

EXTERNAL CAPITAL AID: EXPENDITURE AND COMMITMENTS, 1951-3

Expressed in £ sterling (millions)

Donor Country	India	Pakistan	Ceylon	Indonesia	Nepal	Burma	Commitments under Plan
Australia ..	5.36	4.56	0.56	0.2			
Canada ..	10.3	7.0	0.7				
Denmark ..					1.13		
New Zealand ..	0.25	0.5	0.5				
United States ..	34.68	8.1		4.71	0.25	7.46	17.3
Norway ..	0.5						

Australia has pledged £25.0 million during the 6-year period of the Colombo Plan. By the end of 1952-3, £10.68 million had already been spent, or committed, for expenditure in India, Ceylon, Ceylon and Indonesia.

Canada has voted a further £9 million for 1953-4.

New Zealand has pledged a total of £1.5 million for 1953-4.

Norway has pledged £3 million over

the first three years of the Colombo Plan period. Already, £2,378 million have been spent or committed for expenditure in India, Pakistan, Ceylon and Indonesia.

The United States has also met food shortage in India and Pakistan with about £10 million in the form of grants and loans for the purchase of wheat.

Norway has authorised so far £0.2 million for a joint fisheries development project in Travancore-Cochin.

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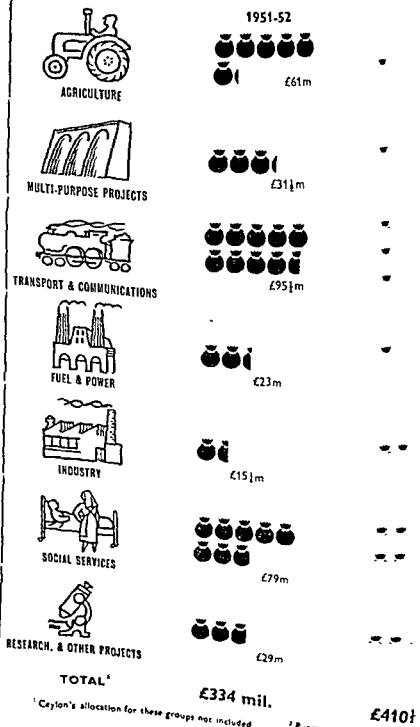
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How the money was spent

Chart shows details for Ceylon, India, Pakistan,¹
Malaya and British Dependencies in South-East

Each symbol — £10,000,000 Sterling



¹ Ceylon's allocation for these groups not included

² Burma's allocation by groups
Total expenditure is shown

£410†

DEVELOPMENT IN SOUTH AND SOUTH-EAST ASIA

0 200 400 600 800 1000
MILES

BURMA

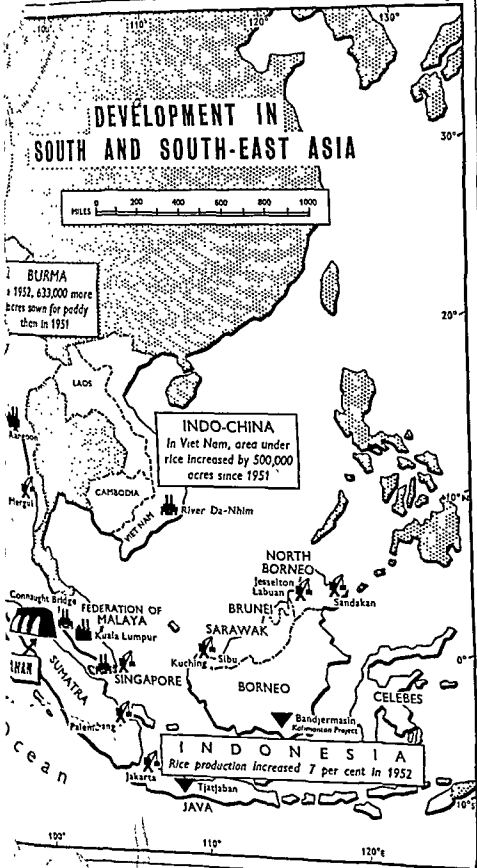
In 1952, 633,000 more
acres sown for paddy
than in 1951

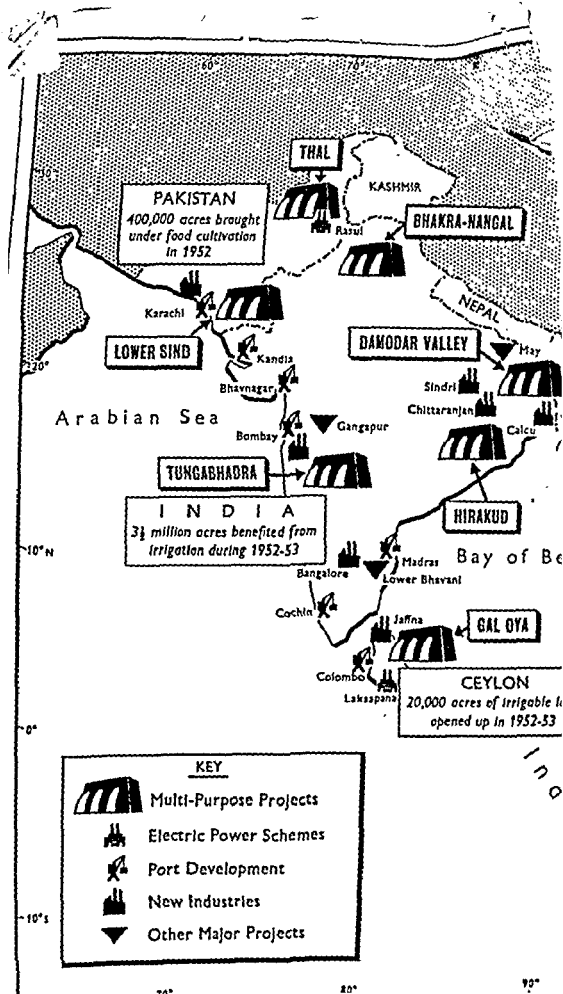
INDO-CHINA

In Viet Nam, area under
rice increased by 500,000
acres since 1951

INDONESIA

Rice production increased 7 per cent in 1952





1952, 633,000 more
acres sown for paddy
than in 1951

In Viet Nam, area under rice increased by 300,000 acres since 1951

Jesselton
Labuan

Kuala Lumpur

Kuching

Sib

CELEBES

Rice production increased 7 per cent in 1952

Bandjermasin
Kalimantan Project

Tjadjaban

JAVA

Ocean

in London to provide assistance for sound development projects in the Commonwealth. The United Kingdom plays a further part in the development of the area as a major source for the area's imports of capital goods. In 1952 saw a marked improvement in its ability to meet demand.

Details of contributions from other countries are shown on page 26.

In addition, the U.S. Export Import Bank has made loans of \$10 million to Pakistan and £24.7 million to Indonesia; the U.S. Foundation has made grants of £1.5 million to India and £1 m to Pakistan mainly for village development; and the International Bank for Reconstruction and Development has loaned £39.2 million to India and £22.3 million to Pakistan.

In some cases the aid has been in the form of grants to meet the cost of a development scheme; in others, equipment or consumables such as wheat, the local sales proceeds being applied to development projects.

TECHNICAL ASSISTANCE

Under the Technical Co-operation Scheme of the Colombo Plan, Australia, Canada, Ceylon, India, New Zealand, Pakistan and the United Kingdom have agreed to provide technical assistance to a value of £8 million over the six years ending 30th June, 1957. The Council administering the Scheme maintains close touch with the agencies of the United Nations and the United States, which are also providing technical assistance to the area, so as to ensure that there is no waste of effort through duplication.

Since its inauguration the flow of assistance has increased steadily. By 30th June, 1953, a total of 177 experts and 1,145 training places had been provided, see table on page 27. A feature of the activities under the Scheme in 1952-3 has been the increasing extent to which equipment has been supplied for use by the countries of the area in developing their facilities for producing technicians of all grades. By 30th June, 1953, a total expenditure under the Scheme of £894,159, over £65,000 of which has been spent on such equipment. This sum did not take into account many requests for equipment which were at that date under consideration by donor countries or which it had already in principle been agreed to supply. Together these amounted to a considerably larger sum.

CONCLUSION

The report concludes that the Colombo Plan programmes are now at a crucial stage. The decline in export earnings and its reflection in reduced resources has added to the difficulty of the task of carrying them out. These difficulties can be a spur and a challenge, instead of a deterrent, and the Colombo Plan countries have shown that they can plan both realistically, and readjust themselves to good fortune and misfortune. Their courage and resourcefulness have been severely tested in the last few years, and the manner in which they have responded is perhaps the surest guarantee that the Colombo Plan will come up to, and even surpass, the standards with which it began.

